MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2021/2022

DTX5014 – TAXATION 1

(All sections/Groups)

17 AUGUST 2022
9.00 a.m. – 12.00 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 8 pages with 4 questions.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

PART A

For each of the following, indicate whether the transaction/situation of gross income falls under the section 4 (a) to (f). (5 marks)

1.	Received cash from customers when service was performed for the month of July 2021.
2.	Received gross monthly salary from employment.
3.	Interest received from securities issued by the Government.
4.	Rizal received monthly rental in advanced from the tenant who rented out his house in Melaka.
5.	Income received by a resident person in respect of translation of books.
6.	Ara Sdn Bhd rents out a commercial building to tenants and provide maintenance services.
7.	A fully furnished bungalow provided by company which included furniture and fittings.
8.	Lysa received dividend income from RHB Investment Sdn Bhd on 20 March 2021.
9.	Ano Tanaka is a Japanese resident who worked in Malaysia as a scientist. He received pension after retired on 1 June 2021 and returned to Japan on 1 July 2021.
10.	A new car provided by employer with a driver.

PART B

(a) *"To be deductible a payment must be authorized as a deduction by Section 33(1) and not to be disallowed by Section 39."*

Provide **FIVE (5)** examples of prohibited expenses as provided in Section 39(1) of Income Tax Act 1967. (5 marks)

(b) For each of the following situation, calculate the income tax payable. (11 marks)

No	Situation	RM
1.	Anna Jobling stays in Malaysia for 190 days. She was employed at DRB Seccom Sdn Bhd. For the year of assessment 2021, the information are as follows: Total income Total reliefs	 87,630 15,000
2.	Thong Ma is a Vietnamese resident. She worked in Malaysia for 165 days as a slimming coach. Her details for year of assessment 2021 are as follows: Total income Total reliefs	 143,000 52,000

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3.	Chee Kuan Sdn Bhd has been operating manufacturing business for 10 years. The paid-up capital as at 1 July 2020 is RM2.3 million. For the year ended 30 June 2021, the company submitted the following:	
	Aggregate income	850,200
	Current year business loss	29,500
	Approved donation	75,000
4.	Cotton Dress Sdn Bhd imports cotton fabric from overseas and sells in Malaysia. As at 31 January 2021, it has paid-up capital of RM2.7 million. The relevant information provided is as follows:	
	Statutory business income-trading	120,400
	Statutory business income-manufacturing	87,000
	Rental income	20,000
	Approved donation	13,800
5.	Suncare Ltd has been operating trading business since 2016. The paid-up capital is RM1.8 million. For the year ended 30 September 2021, the company submitted the following:	
	Chargeable income	540,750

PART C

For the basis year 2021, Zalina received rental income from a tenant, Firdaus Iskandar amounting to RM21,600. She had incurred the following expenses throughout the year:

	RM
Fire insurance on the house	510
Interest on loan	1,870
Repairs	3,520
Quit rent	30
Assessment	420
Renovation	6,750
Total	**13,100**

Additional information:

1. She received an advance rental for January until March 2022.
2. In year 2020, she had suffered losses from previous tenancy for the month of December.

Required

Compute the adjusted income from rental of Zalina for the year of assessment 2021.

(4 marks)

(Total: 25 marks)

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QUESTION 2

On 1 May 2015, Madison, an Australian resident arrived in Malaysia for the first time. Her pattern of stay in Malaysia is as follows:

Year of Assessment	Basis period
2015	1.5.2015 - 3.10.2015
	30.11.2015 - 31.12.2015
2016	1.1.2016 - 18.4.2016
2017	1.3.2017 - 30.4.2017
	15.5.2017 - 24.7.2017
	1.9.2017 - 31.12.2017
2018	1.1.2018 - 23.3.2018
2019	5.1.2019 - 4.4.2019
2021	20.2.2021 - 5.9.2021

Notes:
1. On 25/7/2017 until 31/8/2017 she was in Canada attended a seminar.
2. She is not in Malaysia for the whole year of 2020.

Required

(a) Determine Madison's residence status for the relevant year of assessments. Give reasons for your answer. (16 marks)

(b) Explain **SIX (6)** differences between resident and non-resident individual. (9 marks)

(Total: 25 marks)

QUESTION 3

Jayden was employed as an account assistant of Mata Biru Berhad since 1 July 2014. On 1 January 2021 he was promoted to Finance Manager and was transferred to the holding company in Kuala Lumpur.

After 10 months of working, Jayden was asked to resign on 31 October 2021 due to a disagreement with one of the directors. Company paid him a compensation of RM180,000 and granted him a paid leave from 1 November 2021 to 31 December 2021.

The details of Jayden's benefits are as follows:

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Monetary benefits:

Particulars	RM
Salary per month (1 January to 31 October 2021)	15,000
Leave pay per month (1 November to 31 December 2021)	10,000
Incentive bonus	20,000
Tuition fees of child per month (1 January to 31 October 2021)	100
10-gram gold bar as gift for excellent service award	5,600
Entertainment allowance per month (1 January to 31 October 2021)	600
Travelling allowance for carrying on official duties	18,000
Life insurance premium	4,000

Other benefits:

Particulars	RM
Car (7 years old), the cost when new	150,000
Fuel per month (1 January to 31 October 2021)	300
Driver per month provided by employer (1 January to 31 October 2021)	1,500
Domestic servant provided by employer (1 January to 31 October 2021)	24,000
Gardener per month (reimbursed) (1 January to 31 October 2021)	800
Medical bills paid by employer	3,000
Air passage for him, wife, and a child to:	18,000
i) Hokaido, Japan	25,000
ii) Pulau Langkawi	2,570
iii) Kuala Krai, Kelantan	1,250
iv) Gua Tempurung, Perak	800
Semi furnished accommodation plus air-conditioner provided by the employer from 1/1/2021 – 31/10/2021 (excluding RM1,000 per month for furniture)	3,500

Notes:
1. From the total of entertainment allowance received, Jayden spent RM8,000 in year 2021.
2. Jayden incurred RM14,500 on travelling to meet company's clients.
3. RM5,230 on petrol and toll charges for travelling between his house and office.

Required

Compute the following employment income of Jayden for the year of assessment 2021:

(a) Section 13(1)(a) (8 marks)
(b) Section 13(1)(b) (9 marks)
(c) Section 13(1)(c) (2.5 marks)
(d) Section 13(1)(e) (1.5 marks)
(e) Adjusted income from employment income (4 marks)
(Show any the related workings)

(Total: 25 marks)

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QUESTION 4

Danial and Damia were married 25 years ago. They are resident in Malaysia and have three children. Danial operates her own business while Damia is employed in private company. They have the following income for the year ended 31 December 2021:

	Employment RM	**Business loss RM**	**Rental Income RM**
Danial		(30,000)	35,000
Damia	60,000		

Their children's details are as follows:

Medina	In year 2021, she is 25 years old and pursuing a medical degree at the Universiti Teknologi Mara (UiTM Shah Alam). For the year 2021, Danial incurred RM7,500 on the child's maintenance during the year.
Auney	In year 2021, she is 21 years old and disabled. She is pursuing her degree course at Universiti Utara Malaysia. Danial incurred RM9,700 on the child's maintenance during the year.
Ammar	In year 2021, he is 10 years old and is attending a local primary school. Danial incurred RM2,400 on the child's maintenance during the year.

Additional information:

1. Danial incurred medical expenses for his parents RM2,500 and RM5,300 for his parents in law during the year.
2. Damia contributed to EPF of RM4,750 for the year 2021
3. Insurance premium on life have been incurred by both. RM3,300 for Damia and 4,000 for Danial

Required

(a) Compute the income tax payable for the year of assessment 2021 for Danial under joint assessment. The wife has elected for joint assessment. (11 marks)

(b) Compute the income tax payable for the year of assessment 2021 for Danial under separate assessment. The wife has made an election to claim child relief. (12 marks)

(c) List **FOUR (4)** types of approved donations which are allowed to be deducted before aggregate income. (2 marks)

(Total: 25 marks)

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APPENDIX

The following rates and allowances are to be used in answering all questions:

(a) Value of benefits in kind – Motor Vehicle and Related Benefits

Cost Of Car When New (RM)	Annual Value Of BIK (RM)	Fuel Per Annum (RM)
Up to 50,000	1,200	600
50,001 - 75,000	2,400	900
75,001 - 100,000	3,600	1,200
100,001 - 150,000	5,000	1,500
150,001 - 200,000	7,000	1,800
200,001 - 250,000	9,000	2,100
250,001 - 350,000	15,000	2,400
350,001 - 500,000	21,250	2,700
500,001 and above	25,000	3,000

(b) Prescribed value of household furnishing, apparatus, and appliances.

Category	Types Of BIK	Annual Value Of BIK
(a)	Semi-furnished with furniture in the lounge, dining room, or bedrooms.	RM840 (RM70 per month)
(b)	Semi-furnished with the furniture as above and one or more of the following:- air-conditioners, curtains, and carpets.	RM1,680 (RM140 per month)
(c)	Fully-furnished with benefits as above plus one or more of the following:- kitchen equipment, crockery, utensils, and appliances.	RM3,360 (RM280 per month)

(a) Prescribed value of other benefits

Item	Types Of BIK	Value Of BIK (RM)
(a)	Gardener	3,600 per annum (RM300 per month)
(b)	Driver	600 per month
(c)	Household servant	4,800 per annum (RM400 per month)
(d)	Guard	4,800 per annum (RM400 per month)

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(d) Rates of tax for the year of assessment 2021:

(i) Resident company
Paid up capital >RM2.5million : 24%
Paid up capital <RM2.5million:
First RM600,000: 17%
Excess : 24%

(ii) Non-resident company 24%

(iii) Non-resident individual 30%

(iv) Resident individuals:

Chargeable Income(RM)		Rate %	Tax Payable (RM)
On the first	5,000	0	0
On the next	15,000	1	150
On the first	20,000		150
On the next	15,000	3	450
On the first	35,000		600
On the next	15,000	8	1,200
On the first	50,000		1,800
On the next	20,000	13	2,600
On the first	70,000		4,400
On the next	30,000	21	6,300
On the first	100,000		10,700
On the next	150,000	24	36,000
On the first	250,000		46,700
On the next	150,000	24.5	36,750
On the first	400,000		83,450
On the next	200,000	25	50,000
On the first	600,000		133,450
On the next	400,000	26	104,000
On the first	1,000,000		237,450
On the next	1,000,000	28	280,000
On the first	2,000,000		517,450
Exceeding	2,000,000	30	

(e) Relief for year assessment 2021:

PERSONAL RELIEF FOR YA 2021:

	Reliefs	**YA 2021 RM**
1	Personal deduction	9,000
2	Disabled taxpayer	6,000
3	Parent-medical treatment, special needs, and carer expense	8,000
4	Basic supporting equipment for a disabled person	6,000
5	Advancement of learning (a) Tertiary level (b) Master and PhD	7,000

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	(c) Upskill or self-advancement course (up to RM1,000)	
6	(a) Medical expenses (i) treatment for serious disease (ii) undergoing fertility treatment (iii) vaccination (up to RM1,000) (b) Complete medical examination	8,000 up to RM1,000
7	Deposit in SSPN for child's education	8,000
8	Contribution to SOCSO	250
9	Lifestyle relief (a) Books, journals, magazines, newspaper (b) Personal computer, smartphone, and tablet (c) Sports equipment for approved sports activity (d) Gym membership (e) Internet subscription	2,500
10	Breastfeeding equipment	1,000
11	Childcare fees to a childcare center, kindergarten	3,000
12	Local tour-tour package, accommodation, and entrance fee	1,000
13	Personal computer, smartphone, and tablet	2,500
14	Healthy lifestyle (a) Sports equipment for approved sports activity (b) Rental or entrance fee to the sports facility (c) Registration fees for sports competition	500
15	Insurance premium on life (a)Government employee (b)Others (i) Life insurance premium (ii) EPF, approved scheme	 7,000 3,000 4,000
16	Premium on education or medical insurance	3,000
17	A deferred annuity, private retirement scheme	3,000
18	Disabled child	6,000
19	Full-time instruction at university, college, or other higher education, serving under articles (child ≥18 years old)	8,000
20	Disabled child studying full time higher education (child ≥18 years old)	14,000
21	Others (child < 18 years old)	2,000
22	Spouse not working, elect joint assessment -wife/husband relief	4,000
23	Disabled spouse elect for joint assessment or spouse not working	5,000

End of Paper